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12 April 1974

MEMORANDUM FOR:

Defense Intelligence Agency

SUBJECT : Japanese Defense Expenditures

The attached material is in response to your request for information on recent Japanese defense expenditures. Overall military spending has increased sharply in recent years, and the dollar figures have been boosted further by exchange rate adjustments (See Tables 1 and 2). Present plans call for considerably more spending during the current 5-year defense plan as shown in Attachment A. Soaring equipment and personnel costs, however, are cutting deeply into these budgets. Exacerbating this situation is Tokyo's plan to increase its inventory of domestically designed and developed equipment, the costs of which are markedly higher than comparable material available from abroad.

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Attachments:
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TABLE 1
JAPAN: MILITARY SPENDING IN FISCAL YEAR 1969 - 1973¹

	(MILLION US DOLLARS)				
	1969	1970	1971	1972	1973 ²
Army	588.3	701.0	865.0	1098.7	1372.5
Navy	317.8	386.9	479.9	622.1	788.4
Air Force	312.5	347.9	462.0	622.0	866.1
Bases and Facilities	84.2	98.2	120.2	230.2	295.6
Other	41.1	48.0	57.6	76.7	116.6
TOTAL	1343.9	1582.0	1984.7	2649.7	3439.2

¹Fiscal years begin 1 April of stated year. Spending for fiscal years 1969-1970 converted at 360 yen = 1 US\$; 1971 at 338 yen = 1 US\$; 1972 at 302 yen = 1 US\$; 1973 at 272 yen = 1 US\$.

²Based on 1973 budget request.

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TABLE II
DEFENSE BUDGET BY CATEGORY OF EXPENDITURE¹

(MILLION US DOLLARS)

	1972	1973 ²
Personnel Costs	1395.2	1799.3
Salaries	1149.3	1492.5
Other	245.9	306.8
New Equipment	697.5	917.5
Land-based weapons and vehicles	268.0	307.2
Aircraft	276.5	432.9
Vessels	115.5	132.7
Research and Development	37.5	44.7
Maintenance, Transport, Etc.	326.8	426.8
Bases and Facilities	230.2	295.6
TOTAL	2649.7	3439.2

¹For fiscal years beginning 1 April of stated year. Data for fiscal year 1972 converted at 302 yen = 1 US\$; 1973 at 272 yen = 1 US\$.

²Based on 1973 budget request.

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Japan's Fourth Five-Year Defense Plan

1

Japan Defense Agency

Foreword

In October 1972, the Government of Japan finally approved the Fourth Five-Year Defense Plan, which is composed of the following three documents:

- (1) Outline of the Fourth Five-Year Defense Plan approved by the National Defense Council on February 7, 1972, and by the Cabinet on February 8, 1972.
- (2) Situation Assessment and Defense Concept approved by the National Defense Council and the Cabinet on October 9, 1972.
- (3) Major Programs of the Fourth Five-Year Defense Plan approved by the National Defense Council and the Cabinet on October 9, 1972.

The Fourth Defense Plan is a specific program designed to improve Japan's defense capabilities over the five years from 1972 to 1976, with an estimated total outlay of approximately 4,630 billion yen (approximately 15 billion dollars). Along with the Plan, a document entitled "Measures to improve Civilian Control" was also adopted by the National Defense Council and the Cabinet on October 9, 1972.

The Plan was formulated by the Government on the principle that Japan's defense capabilities should progressively be developed and took into account the changes in the international situation, the economic outlook and other changes since the release of an earlier draft in April, 1971.

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I. Outline of the Fourth Five-Year Defense Plan (Fiscal Years 1972-1976)

2

1. Keynote of National Defense

Japan's basic policy on national defense lies in the preservation of the independence and peace of our nation founded upon democratic principles in accordance with the "Basic Policies for National Defense" (adopted by the National Defense Council and Cabinet on May 20, 1957); the full text is as follows:

"The objective of national defense is to prevent direct and indirect aggression, and once invaded, to repel such aggression, thereby preserving the independence and peace of Japan founded upon democratic principles.

To achieve this objective, the Government of Japan hereby establishes the following principles:

- (1) To support the activities of the United Nations, and promote international cooperation, thereby contributing to the realization of world peace.
- (2) To stabilize the public welfare and enhance the people's love for country, thereby establishing the sound basis essential for Japan's security.
- (3) To develop progressively the effective defense capabilities necessary for self-defense, with due regard to the nation's resources and the prevailing domestic situation.
- (4) To deal with external aggression on the basis of the Japan-U.S. security arrangements pending more effective functioning of the United Nations in future in deterring and repelling such aggression."

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3

For the purpose mentioned above, there must be developed foreign policies designed to establish friendly, cooperative relations with neighboring countries and to contribute to the relaxation of international tensions and such domestic policies as are necessary for sound economic and social development, and along with these policies, defense capabilities sufficient to deter aggression should be developed on the basis of the Japn-United States security arrangements.

2. Plan's Objective

The objective of the plan is to provide an efficient defense force capable of dealing effectively with aggression on a scale not greater than a localized war in which conventional weapons are used. In order to achieve this objective progressively, the Fourth Five-Year Defense Plan (JFY 1972-76) calls for a qualitative improvement and strengthening of the Ground, Maritime and Air Self-Defense Forces on the basis of the current levels. The Plan is also designed to enhance the morale of members of the Self-Defense Forces and to build up strong highly efficient and well-trained units.

In this connection, the following points will be taken into consideration:

- (1) In improving the nation's defenses, special emphasis should be placed on strengthening defense capabilities in the sea areas around Japan and air-defense capabilities over vital urban and industrial areas as well as on various types of mobility.
- (2) Consideration should be given to increasing the effectiveness of the coordinated operations of the three Services by encouraging harmonious cooperation among the Ground, Maritime and Air Self-Defense Forces.
- (3) In order to secure the required manpower and to enhance morale, various personnel programs, including improvement of conditions in

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the Self-Defense Forces, should be promoted.

- (4) In order to enhance the efficiency of units and to improve defense capabilities, education and training systems and the logistics support structure should be improved.
- (5) Technical research and development will be encouraged for the modernization of equipment and improvement of domestic technological levels. Also, there will be domestic production of equipment on a reasonable scale so as to ensure that equipment necessary for the nation's defense will be readily obtainable.
- (6) Public relations activities and civil cooperation programs will be further promoted with a view to ensuring national consensus and support on national defense.
- (7) In line with the reversion to Japan of administrative rights over Okinawa, the necessary Japan Self-Defense Forces units will be sent there to take charge of the defense of that area and to carry out rescue operations in the event of natural disasters and other civil cooperation activities for the benefit of the people.

The major goals of the Fourth Defense Plan are as follows:

(1) Ground Self-Defense Force:

- The authorized strength (uniformed officers and men) will be 180,000. To improve mobility and fire power, tanks, armored personnel carriers, self-propelled guns, helicopters, etc., will be acquired or modernized.
- Surface-to-air missile (SAM) units will also be increased to strengthen the air-defense capability.

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(2) Maritime Self-Defense Force:

5

To improve defense capabilities in the sea areas around Japan and the ability to ensure the safety of the seaways in those areas, various types of ships, including destroyers and submarines, will be built or modernized. In addition, anti-submarine aircraft and other tactical aircraft will be acquired.

(3) Air Self-Defense Force:

To strengthen the air defense capability over vital urban and industrial areas, the number of SAM units will be increased and fighter interceptor wings will be improved qualitatively. Aircraft control and warning (AC&W) capabilities will be improved. Also, replacement and modernization of various types of aircraft will be promoted through the introduction of new models of reconnaissance aircraft, advanced trainers and transport aircraft.

(4) Technical Research and Development:

Research and development will be conducted in such fields as various types of guided missiles and electronic and related equipment in order to improve anti-submarine patrol and early warning capabilities. The infrastructure for technical research and development will also be improved.

The Fourth Five-Year Defense Plan will be carried out in harmony with other national policies. Defense appropriations for each fiscal year will be determined with due regard to the prevailing economic and financial conditions and in proper balance with other general policies of the Government.

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II. Situation Assessment and Defense Concept

6

1. Assessment of the International Situation

The recent international situation indicates a shift from the severe East-West confrontation of the past to a general trend towards multipolarization. In this period of transition, we can even see a tendency towards the relaxation of tensions. Such a tendency may be seen in the latest developments in United States-China and United States-Soviet relations, and in the progress of East-West negotiations in Europe. On the Asian scene, too, progress is being observed in the dialogue between the two countries in the Korean Peninsula. Also, in our view, the normalization of Japan-China diplomatic relations will contribute to the relaxation of tensions in Asia.

In the Asian region, however, the interests of the three big powers — the United States, the Soviet Union and the People's Republic of China — continue to be intricately intertwined, and in our assessment, a stable state of detente has not been established in the area as a whole. Among other nations of the world, too, there still exist a variety of factors making for tension. In these circumstances, we find that the probability of the outbreak of a total war or a large-scale armed conflict which might escalate into a total war has further diminished. However, we cannot rule out the possibility of the outbreak of armed conflicts, limited regionally or in duration.

2. Concept of Defense

The keynote of our country's defense lies in deterring aggression by possessing effective defense capabilities of our own, while maintaining the existing security arrangements with the United States. Against nuclear threats we will rely on the nuclear deterrent of the United States.

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In the event of an invasion being launched against Japan, our country will counter indirect aggression and repel a small-scale direct aggression by our own efforts, and in the case of an armed aggression beyond such a scale, we will counter it with the cooperation of the United States. 7

III. Major Programs of the Fourth Five-Year Defense Plan

The major programs of the Fourth Defense Plan are as follows:

1. Ground Self-Defense Force

To improve mobility and fire power, the following items will be acquired:

280 Tanks (including 160 of newer type)

170 Armored Personnel Carriers (including 136 of newer type)

90 Self-Propelled Guns

159 Tactical Aircraft, 154 of which will be Helicopters

Also, to strengthen the air-defense capability, three additional groups equipped with Surface-to-Air Guided Missiles (HAWK) will be created.

2. Maritime Self-Defense Force

To improve defense capabilities in the sea areas around Japan and the ability to ensure the safety of the searoutes in those areas, fifty-four vessels, totalling approximately 69,600 tons, will be built, including:

13 Destroyers (including 2 Destroyers equipped with Helicopters, a Destroyer equipped with SAM and a Destroyer equipped with SSM)

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5 Submarines

8

1 Fleet Support Ship

Also, 92 Tactical Aircraft, including 87 Anti-Submarine Aircraft, will be acquired.

3. Air Self-Defense Force

To strengthen the air-defense capability, two additional groups of SAM units equipped with NIKE-J batteries (non-nuclear configuration) will be created and preparations will be made to organize one more group. In addition, 46 Fighter Interceptors (F-4EJ) will be acquired and the aircraft control and warning capability will be improved.

At the same time, replacement and modernization of aircraft will be promoted by acquiring 14 Reconnaissance Aircraft (RF-4E), 59 Advanced Trainers (T-2), 68 Support Fighters (FS-T2 modified type) and 24 Transport Aircraft (C-1).

4. Technical Research and Development

Research and development will be conducted in such fields as various types of guided missiles including ASM, and electronic and related equipment to improve anti-submarine patrol and early warning capabilities.

5. Cooperation in Civil Activities

With a view to ensuring broader national consensus and support on national defense, capabilities of local units for civil engineering works will be improved so as to enable the Self-Defense Forces to actively carry out rescue operations in the event of natural disasters and other activities for the benefit of the people.

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6. From time to time, the Plan should be reviewed and, when necessary, revised without delay with due regard to the long-range outlook in both the domestic and the international situation.

9

(Remarks)

1. Personnel programs will be promoted in order to improve the living conditions of Self-Defense Force personnel and step up vocational training.
2. The total defense expenditure for the Fourth Five-Year Defense Plan (JFY 1972-76) is estimated at approximately 4,630 billion yen (15 billion dollars). However, the budgetary appropriations for each fiscal year will be determined with due regard to the economic and financial situation prevailing at the time and in proper balance with other general policies of the Government.

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Major Items of Equipment to be Procured under the Fourth Defense Plan
as Compared to the Third Defense Plan

10

Major Items	At the Time of Completion of the Third Defense Plan	At the Time of Completion of the Fourth Defense Plan
<u>Ground Self-Defense Force</u>		
Tanks	* 660	* 820
Armored Personnel Carriers	* 650	* 650
Self-Propelled Guns	* 60	* 140
Tactical Aircraft	* 310	* 350
(Helicopters)	* 280	* 320
HAWK	5 Groups	8 Groups
<u>Maritime Self-Defense Force</u>		
Total Vessels	* 210 *174,000 tons	* 170 *214,000 tons
(Destroyers)	* 48 * 97,000 tons	* 54 *121,000 tons
(Submarines)	* 15 * 21,000 tons	* 15 * 27,000 tons
Tactical Aircraft	* 170	* 200
(Anti-Submarine Aircraft)	* 160	* 190
<u>Air Self-Defense Force</u>		
Total Aircraft	* 880	* 770
(F-4EJ)	* 80	* 120
(RF-4E)	—	14
(T-2)	4	* 60
(FS-T2 modified)	—	* 60
(C-1)	4	* 30
NIKE (non-nuclear configuration)	4 Groups	6 Groups

* Approximate quantity

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IV. Measures to Improve Civilian Control

11

1. The National Defense Council will include four additional members, i. e., the Minister for International Trade and Industry, the Director-General of the Science and Technology Agency, the Chief Cabinet Secretary and the Chairman of the National Public Safety Commission.

(Notes: The National Defense Council is currently composed of the Prime Minister, the Deputy Prime Minister, the Minister for Foreign Affairs, the Minister of Finance, the Director-General of the Defense Agency, and the Director-General of the Economic Planning Agency with the Prime Minister as its Chairman.)

2. The matter enumerated below shall be referred to the National Defense Council for approval as "important matters," as provided for in Article 62, Paragraph 2, item 5, of the Defense Agency Establishment Law:

- "(1) Changes in the structure and organization of units necessitating amendments to the Self-Defense Force Law.
- (2) Changes in the authorized strength (uniformed officers and men).
- (3) Kinds and quantities of the following types of equipment, excluding those already authorized under the long-term defense plans:
 - a) Tanks, major missiles and tactical aircraft of the Ground Self-Defense Force.
 - b) Destroyers, submarines and tactical aircraft of the Maritime Self-Defense Force.

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- c) Tactical aircraft and major missiles of the Air Self-Defense Force.
- d) Any equipment not included in the three sub-paragraphs above, which will require a long-term acquisition plan extending over several years and also a large expenditure."

12

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